

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 05104 051825Z
ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AF-10 ARA-10
EA-10 NEA-10 OIC-02 JUSE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /168 W
-----128579 051847Z /46

P 051813Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8028
INFO AMEMBASSY OTTAWA

LIMITED OFFICIAL USE GENEVA 05104

USMTN

ACTION STR

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD, CA
SUBJECT: U.S.-CANADIAN BILATERAL ON CERTAIN NON-TARIFF
MEASURES

1. U.S. MTN DEL (HAMERSCHLAG ET AL) MET WITH THE CANADIAN
DEL (AMB. GREY ET AL) ON APRIL 5 TO DISCUSS TWO U.S. NON-
TARIFF REQUESTS ON WHICH CANADA HAS MADE NO OFFER: USED
MOTOR VEHICLES AND TELEVISION COMMERCIALS. WHILE AN
EASING OF THE CANADIAN IMPORT PROHIBITION ON USED VEHICLES
IS A NEGOTIATING POSSIBILITY, IT WAS EVIDENT THAT THE
CANADIANS REGARD THE TELEVISION COMMERCIALS ISSUE AS TOO
SENSITIVE POLITICALLY TO DEAL WITH IN THE MTN CONTEXT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 05104 051825Z

2. USED MOTOR VEHICLES: THE U.S. POINTED OUT THAT THE
CANADIAN IMPORT PROHIBITION ON USED MOTOR VEHICLES DATED
BACK TO 1931 AND WAS INAPPROPRIATE IN PRESENT-DAY CONDI-
TIONS. IF THE CANADIAN GOVERNMENT BELIEVED THAT USED CAR
DEALERS NEEDED PROTECTION FROM IMPORTS, THIS COULD BE
PROVIDED THROUGH NORMAL USE OF THE TARIFF. WITH THE
NARROWING IN THE PRICE DIFFERENTIALS BETWEEN U.S. AND

CANADIAN FACTORY LIST PRICES, THE CANADIAN DEALERS WERE BETTER POSITIONED TO COMPETE WITH IMPORTED USED CARS. GREY ACKNOWLEDGED THAT TODAY THE IMPORT PROHIBITION WAS MAINTAINED SOLELY FOR PROTECTIVE REASONS. HE INDICATED THAT CANADA MIGHT BE PREPARED TO MOVE TO TARIFF PROTECTION BUT THE RATE WOULD PROBABLY HAVE TO BE SOMEWHAT HIGHER THAN FOR NEW VEHICLES. ASSUMING A SMALL REDUCTION IN THE CURRENT MFN RATE FOR PASSENGER CARS (GREY DOUBTED THAT CANADA WOULD MAINTAIN ITS CURRENT OFFER AT 9 PER CENT), IT WAS POSSIBLE TO ENVISAGE A RATE OF ABOUT 15 PER CENT FOR USED CARS. IN GREY'S PERSONAL VIEW, THE IMPORT PROHIBITION COULD BE PHASED OUT BY ANNUALLY ADDING ANOTHER MODEL YEAR SO THAT BY A SPECIFIED DATE THE RESTRICTION WOULD BE TOTALLY ELIMINATED. USED CARS FROM THE CURRENT CALENDAR YEAR PRODUCTION ARE ALREADY EXEMPTED FROM THE IMPORT PROHIBITION. GREY WARNED THAT ANY RELAXATION OF THE RESTRICTION WOULD BE DIFFICULT FOR CANADA, GIVEN THE POLITICAL PRESSURE WHICH THE CAR DEALERS COULD MUSTER.

3. TELEVISION COMMERCIALS: THE U.S. OUTLINED THREE ASPECTS OF THE TV COMMERCIALS PROBLEM: THE DISCRIMINATORY TAXATION (BILL C-58) WHICH DENIES A DEDUCTION FOR CANADIAN INCOME TAX PURPOSES FOR THE COST OF ADVERTISING DIRECTED PRIMARILY TO A MARKET IN CANADA FROM A FOREIGN BROADCASTING SOURCE; CANADIAN RADIO-TELEVISION COMMISSION (CRTC) PRESSURE ON CABLE-TV OPERATORS TO DELETE U.S. COMMERCIALS FROM RETRANSMITTED U.S. PROGRAMS; AND THE CRTC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 05104 051825Z

GOAL OF 80 PER CENT CANADIAN CONTENT IN COMMERCIALS SHOWN IN CANADA-TO ILLUSTRATE THE ADVERSE IMPACT OF THE CANADIAN TAX MEASURE, THE U.S. DEL DREW ON MATERIAL IN THE BRIEF PRESENTED TO STR ON FEBRUARY 13, 1978 BY VARIOUS BORDER TV STATIONS. IN AN UNCHARACTERISTICALLY LOW-KEY RESPONSE, GREY STATED THAT HE HAD CAREFULLY NOTED THE U.S. CONCERNS AND WOULD REPORT THEM TO OTTAWA. HE HAD, HOWEVER, NO MANDATE TO PURSUE THE ISSUE AND REPEATED HIS VIEW THAT CANADA WOULD NOT NEGOTIATE TV COMMERCIALS IN THE MTN.

4. COMMENT: AMBASSADOR GREY'S PRESENCE AT THIS BILATERAL WAS AN ENCOURAGING SIGN THAT PROGRESS MIGHT BE POSSIBLE ON THE USED CAR ISSUE. GREY'S LONG-HELD PERSONAL VIEW IS THAT THE IMPORT PROHIBITION SHOULD BE ELIMINATED, AND DEL BELIEVES HE WILL USE THIS BILATERAL AS THE OCCASION TO RECOMMEND FAVORABLE OTTAWA ACTION. WHETHER CABINET MINISTERS ARE PREPARED TO TAKE ON THIS ISSUE PRIOR TO A JUNE ELECTION IS ANOTHER MATTER. DEL MADE A THOROUGH PRESENTATION OF TV COMMERCIALS CASE AND CANADA'S INTENTION TO SKIRT THIS POLITICALLY DANGEROUS ISSUE IS CLEAR AND UNYIELDING. WE DO NOT PLAN TO PURSUE THE MATTER FURTHER UNLESS INSTRUCTED OTHERWISE.

5. DRAFTED BY HAMERSCHLAG, CULBERT

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFFS, FOREIGN TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 05 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA05104
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780147-0443
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780491/aaaaczfz.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 65fe7cb6-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3071728
Secure: OPEN
Status: NATIVE
Subject: U.S.-CANADIAN BILATERAL ON CERTAIN NON-TARIFF MEASURES
TAGS: ETRD, CA, US, MTN
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/65fe7cb6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014